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MILK MARKET INFORMATION BULLETIN
CHATTANOOGA, TENNESSEE MARKETING AREA

Volume 9

Number 5

Released Pursuant to \$1090.27(j) \$1090.85, USDA-AMS
Federal Order No. 90, 5916 Brainerd Road, Chattanooga, Tennessee 37411
J. B. McCroskey, Market Administrator

MARKET SUMMARY DECEMBER 1964

The MINIMUM uniform producer price is \$4.75 per cwt. f.o.b. Chattanooga Area Pool plants for milk containing 3.5% butterfat. The producer butterfat differential is 7.8 cents for each one-tenth of one percent above or below 3.5%.

During December 84.8% of the total producer milk was priced in Class I at \$5.10 per cwt. with a butterfat differential of 8.1 cents and 15.2% in Class II at \$3.18 per cwt. with a butterfat differential of 6.8 cents. The daily average use of Gross Class I milk decreased 2.2% compared with November 1964 and increased 11.7% compared with December 1963.

Daily average delivery of milk from producers was 577,562 pounds in December 1964, an increase of 278 pounds per day compared with November 1964 and an increase of 58,275 pounds compared with December 1963. Percentage-wise, December deliveries increased 0.05% compared with November 1964 and increased 11.2% compared with December 1963.

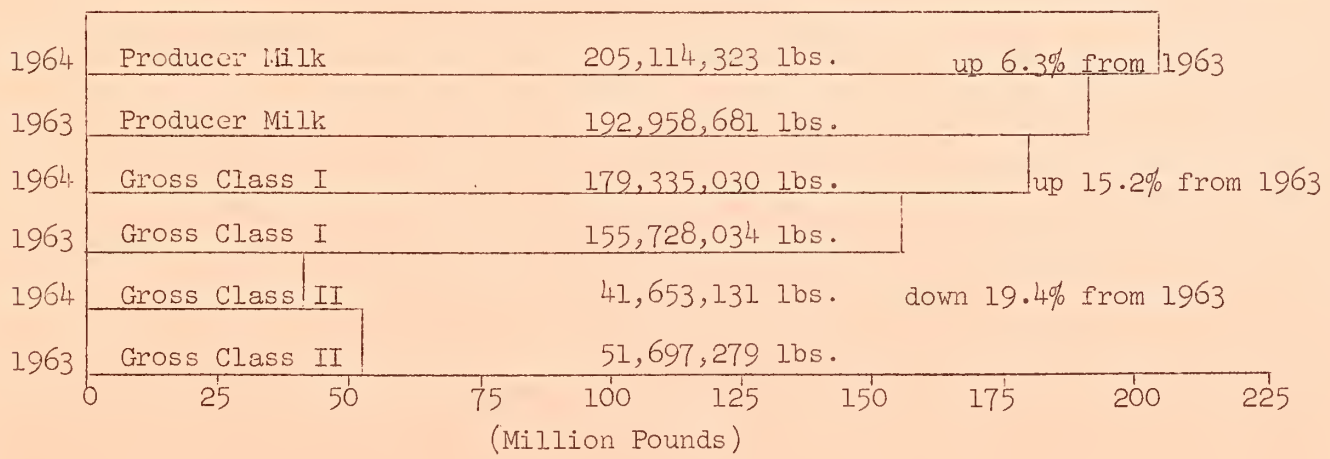
MILK SAMPLES TESTED - Producer Fresh Samples 5,656 - Handler Finished Products 260.

NEW MILK BASES - Milk bases to be used March through July 1965 will be calculated from milk deliveries during September 1964 through January 1965. A base is assigned to the producer name (payroll check account) as reported by the receiving handler. Producers, especially partnerships, are urged to see that their name is correctly listed with the handler and Market Administrator. Milk bases will be announced, by the Market Administrator, on or before March 1, 1965.

NUMBER OF FARM PAYROLL ACCOUNTS

	1963	1964											
	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
New	2	3	3	1	1	3	2	2	30	4	6	3	4
Quit	3	3	3	6	21	7	1	2	0	6	7	5	3
Total	683	683	683	678	658	654	655	655	685	683	682	680	681

PRODUCER RECEIPTS COMPARED WITH GROSS CLASS UTILIZATION
(JANUARY THRU DECEMBER)



COMPARISON OF GROSS MILK RECEIPTS AND UTILIZATION

	% Dec. '64 Over Dec. '63	Dec. 1964	Nov. 1964	Dec. 1963
Number of Plants (Pool and Non-Pool)		12	13	14
<u>GROSS RECEIPTS POUNDS (DAILY AVERAGE)</u>				
Total Producer Milk	+ 11.2	577,562	577,284	519,287
Other Source	+ 25.9	15,131	21,897	12,021
Other Order	- 30.8	17,083	15,768	24,701
Total Milk Receipts	+ 9.7	609,776	614,949	556,009
<u>GROSS UTILIZATION POUNDS (DAILY AVERAGE)</u>				
Class I Uses:				
Fluid Milk	+ 11.4	407,227	404,244	365,397
Fluid Skim	+ 5.3	23,355	23,616	22,189
Buttermilk	- 0.1	41,893	43,384	41,936
Flavored Milk and Drink	+ 13.7	11,334	12,593	9,967
Fluid Cream (Sweet and Sour)	+ 3.5	3,195	2,935	3,087
Other (Shrinkage, Inventory, etc.)		562	576	1,427
Transfers to Non-Pool Plants		8,453	19,750	166
Total Class I Milk	+ 11.7	496,019	507,098	444,169
Class II Uses:				
Ice Cream Mixes		27,424	32,186	16,386
Cottage Cheese		16,384	17,897	14,203
Powdered and Condensed Milk		38,640	13,504	44,089
Livestock Feed and Skim Dumped		6,106	5,512	4,396
Shrinkage Class II		9,310	7,211	8,652
Other (Butter, Inventory, etc.)		(1,971)	23,292	10,248
Transfers to Non-Pool Plants		17,864	8,249	13,866
Total Class II Milk	+ 1.7	113,757	107,851	111,840
Total Class I Pounds in Area	+ 5.1	285,561	292,431	271,673
Total Class I Pounds Outside Area	+ 22.0	210,458	214,667	172,496
Gross Class I Butterfat Pounds	+ 12.6	17,971	18,199	15,955
Gross Class II Butterfat Pounds	- 7.1	7,454	6,898	8,020
Total Butterfat Pounds	+ 6.0	25,425	25,097	23,975
% Producer Milk of Gross Class I		116.4	113.8	116.9
% Producer Milk priced in Class I		84.8	86.8	84.4

JANUARY 1965 CLASS I MINIMUM PRICE COMPUTATION INCLUDING SUPPLY-DEMAND ADJUSTMENT

	Jan. '65	Dec. '64	Jan. '64
Basic Formula	\$3.29	\$3.29	\$3.16
Plus Class I Differential	1.75	1.75	1.75
Supply-Demand Adjustment	0.02	0.06	0.06
Class I Price, 3.5% Butterfat	\$5.06	\$5.10	\$4.97
Per \$ 1090.51(a)			
Supply-Demand Comparison: 1st and 2nd preceding months: November and December			
Supply: Lbs. Producer Milk (Nov. 17,318,508 and Dec. 17,904,403)			35,222,911
Demand: Lbs. Net Class I Milk (Nov. 15,072,693 and Dec. 15,248,399)			30,321,092
Utilization Percentage: Producer milk divided by Class I			116
Standard Utilization Percentage: Range 117-121			117
Net Deviation Percentage: Utilization minus Standard Utilization			minus 1
Supply-Demand Adjustment: 2 cents x 1 percentage point			plus \$0.02

Since the supply in relation to the demand is less than the desired standard, the price is increased 2 cents per hundredweight (2 cents x 1 percentage point).

COMPUTATION OF PRODUCER UNIFORM PRICE TO BE USED FOR PAYMENT
OF PRODUCER MILK AND OTHER SOURCE RECEIPTS PRORATED TO CLASS I

DECEMBER 1964	Class %	Milk Pounds	Butterfat Test - %	Cwt.Price @ Test	Value
Gross Class I		15,376,575	3.623		
Less Other Source		187,267	2.525		
Producer Milk Class I	84.8	15,189,308	3.636519	\$5.210580	\$791,451.04
Gross Class II		3,526,468	6.552		
Less Other Source		811,373	1.982		
Producer Milk Class II	15.2	2,715,095	7.918102	6.184309	167,909.86
TOTAL PRODUCER MILK (Cl.I + Cl.II)	100.0	17,904,403	4.285795		959,360.90
Add Fractional Adjustment					.09
Add Value of Overage					-
Add Value of Inventory Reclassified					122.93
Add Value of Other Source Receipts					
Prorated to Class I and Location Adj.		50,813			2,061.36
Add $\frac{1}{2}$ Producer-Settlement Fund Reserve					8,705.68
TOTAL VALUE AT TEST		17,955,216	4.279926	5.403728	970,250.96
Less Test over 3.5% @ 7.8¢ per point		17,955,216	0.779926	0.608342	109,229.12
TOTAL VALUE AT 3.5%		17,955,216	3.5	4.795386	861,021.84
Less Producer-Settlement Fund Reserve		17,955,216		.045386	8,149.15
PRODUCER UNIFORM PRICE f.o.b. POOL PLANTS		17,955,216	3.5	\$4.75	\$852,872.69

DECEMBER 1964 MINIMUM PRODUCER PRICES CWT. f.o.b. CHATTANOOGA POOL PLANT (0-65 Mile Zone)
BUTTERFAT DIFFERENTIAL 7.8¢ PER POINT (EXCLUDES PREMIUMS)

TEST	PRICE	TEST	PRICE	TEST	PRICE	TEST	PRICE	TEST	PRICE
3.0	\$4.36	3.6	\$4.828	4.2	\$5.296	4.8	\$5.764	5.4	\$6.232
3.05	4.399	3.65	4.867	4.25	5.335	4.85	5.803	5.45	6.271
3.1	4.438	3.7	4.906	4.3	5.374	4.9	5.842	5.5	6.31
3.15	4.477	3.75	4.945	4.35	5.413	4.95	5.881	5.55	6.349
3.2	4.516	3.8	4.984	4.4	5.452	5.0	5.92	5.6	6.388
3.25	4.555	3.85	5.023	4.45	5.491	5.05	5.959	5.65	6.427
3.3	4.594	3.9	5.062	4.5	5.53	5.1	5.998	5.7	6.466
3.35	4.633	3.95	5.101	4.55	5.569	5.15	6.037	5.75	6.505
3.4	4.672	4.0	5.14	4.6	5.608	5.2	6.076	5.8	6.544
3.45	4.711	4.05	5.179	4.65	5.647	5.25	6.115	5.85	6.583
3.5	4.75	4.1	5.218	4.7	5.686	5.3	6.154	5.9	6.622
3.55	4.789	4.15	5.257	4.75	5.725	5.35	6.193	5.95	6.661

COMPARISON OF PRODUCER RECEIPTS AND GROSS CLASS I (DAILY AVERAGE)

Month	PRODUCER RECEIPTS			GROSS CLASS I		
	1964	1963	1962	1964	1963	1962
Jan.	532,316	493,008	473,584**	487,184	389,629	364,484
Feb.	533,555	497,477	487,977	497,493	406,650	370,985
Mar.	533,163	481,460**	491,493	476,604	400,023	379,540
Apr.	556,173	581,767*	536,251*	485,721	436,741	352,989
May	558,588	561,122	522,955	467,902	425,232	356,897
June	530,133**	536,085	486,065	452,652	387,040**	353,585
July	536,759	527,177	480,832	450,675**	394,125	338,196**
Aug.	591,226	537,739	496,326	466,287	430,227	361,566
Sept.	618,770*	559,664	508,196	551,079*	450,589	385,941
Oct.	579,109	531,485	525,753	542,789	477,742*	398,123
Nov.	577,284	517,143	500,139	507,098	477,170	408,567*
Dec.	577,562	519,287	496,731	496,019	444,169	372,053
Simple Average	560,387	528,618	500,525	490,125	426,611	370,244

* High Month of Year

** Low Month of Year

CHATTANOOGA ORDER MILK PRICES (3.5 PERCENT MILK)

Date	PRODUCER UNIFORM PRICES ^{1/} Per Hundredweight				HANDLER CLASS PRICES ^{1/}			
	Uniform	Base	Excess	Bf.Dif.	Class I		Class II	
					Cwt.	Bf.Dif.	Cwt.	Bf.Dif.
Dec.'63	\$4.62	-	-	7.4¢	\$4.97	7.6¢	\$3.12	6.7¢
Jan.'64	4.77	-	-	7.2	4.97	7.5	3.12	6.7
Feb.	4.78	-	-	7.4	4.98	7.5	2.82	6.7
Mar.	4.77 ^{2/}	\$4.92	\$2.71	7.4	5.07	7.5	2.75	6.7
Apr.	4.72 ^{2/}	4.97	2.65	7.4	5.08	7.5	2.69	6.7
May	4.63 ^{2/}	4.89	2.62	7.2	5.07	7.5	2.66	6.7
June	4.78 ^{2/}	5.00	2.62	7.4	5.19	7.5	2.66	6.7
July	4.72 ^{2/}	4.99	2.62	7.4	5.16	7.5	2.66	6.7
Aug.	4.51	-	-	7.2	5.05	7.5	2.66	6.8
Sept.	4.60	-	-	7.6	4.80	7.7	3.26	7.1
Oct.	4.71	-	-	7.8	4.87	8.0	3.23	7.0
Nov.	4.83	-	-	7.8	5.10	7.9	3.30	7.2
Dec.	4.75	-	-	7.8	5.10	8.1	3.18	6.8
Jan.'65	-	-	-	-	5.06	7.7	-	-

PRICES USED IN DETERMINING CLASS PRICES AND BUTTERFAT DIFFERENTIALS

Date	CLASS II ALTERNATIVE FORMULAS \$-cwt-3.5%		PRICE QUOTATIONS			BASIC FORMULA
	4 Tenn.	Butter	4 Tenn.	Chi.92°	Chi.Area	Minn.-Wisc.
	Milk Mfg.	Powder	Milk Mfg.	Butter	Powders	Mfg.Grade Milk
			\$-cwt-4%	¢ Lb.	¢ Lb.	\$-cwt-3.5%
Dec.'63	2.82	3.12	3.150	58.01	14.28	3.16
Jan.'64	2.82	3.12	3.150	57.97	14.30	3.17
Feb.	2.82	3.12	3.150	57.97	14.24	3.16
Mar.	2.75	3.12	3.081	57.97	14.25	3.15
Apr.	2.69	3.12	3.025	57.97	14.19	3.12
May	2.66	3.12	3.000	57.97	14.22	3.12
June	2.66	3.12	3.000	57.97	14.24	3.11
July	2.66	3.12	3.000	58.00	14.23	3.12
Aug.	2.66	3.19	3.000	59.51	14.30	3.15
Sept.	2.72	3.26	3.075	61.32	14.30	3.24
Oct.	2.77	3.23	3.119	60.47	14.29	3.27
Nov.	2.79	3.30	3.150	62.27	14.23	3.29
Dec.	2.81	3.18	3.150	59.24	14.20	3.29

SUMMARY OF RECEIPTS AND USE (DAILY AVERAGE POUNDS)

Date	HANDLER GROSS MILK 3/			PRODUCER DATA 3/				Deliveries Per			Prod. Milk Test
	No.	Total	Class I	Class I	Total	Base	No.	Farm----Pounds			
	Hdlrs.	Receipt	Use	Use	Delivery	Delivery	Prod.	Prod.	Base	Exc.	
Dec.'63	14	556,009	444,169	438,447	519,287	-	683	760	-	-	4.42
Jan.'64	13	568,237	487,184	482,468	532,316	-	683	779	-	-	4.32
Feb.	13	575,767	497,493	491,469	533,555	-	683	781	-	-	4.24
Mar.	13	578,062	476,604	472,818	533,163	498,683	678	786	736	50	4.15
Apr.	13	611,874	485,721	481,865	556,173	499,659	658	845	759	86	4.05
May	13	624,657	467,902	464,241	558,588	497,049	654	854	760	94	3.95
June	13	584,658	452,652	449,792	530,133	482,237	655	809	736	73	3.91
July	13	575,475	450,675	446,512	536,759	476,599	655	819	728	91	3.91
Aug.	13	635,322	466,287	461,263	591,226	-	685	863	-	-	3.94
Sept.	13	654,194	551,079	546,113	618,770	-	683	906	-	-	3.99
Oct.	13	612,364	542,789	537,353	579,109	-	682	849	-	-	4.24
Nov.	13	614,949	507,098	501,079	577,284	-	680	849	-	-	4.24
Dec.	12	609,776	496,019	489,978	577,562	-	681	848	-	-	4.29

^{1/} Excludes Premiums^{2/} For Statistics Only^{3/} Other Source is Gross minus Producer; Class II is Receipts minus Class I